

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Empire District Gas)	
Company's Purchased Gas Adjustment)	Case No. GR-2008-0368
Tariff Filing.)	YG-2009-0298

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its Recommendation, states as follows:

1. On October 28, 2008, The Empire District Gas Company (EDG or Empire) filed three (3) tariff sheets for each of its three districts, Northern, Southern, and Northwest, bearing an effective date of November 12, 2008.

2. These tariff sheets were filed to reflect changes in EDG's Purchased Gas Adjustment (PGA) factors as a result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor. The winter season includes the months of November through March. EDG requests the tariff sheets go into effect on November 12, 2008.

3. Case No. GR-2008-0368, under which these changes were filed, was established to track the company's PGA factors to be reviewed in its 2007-2008 ACA filing.

4. For reasons explained in Staff's Memorandum, attached hereto as Appendix A and incorporated by reference, the PGA factor rate changes should be approved on an interim, subject to refund status, pending final Commission decisions in Case Nos. GR-2008-0123 and GR-2008-0368.

5. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty days notice is demonstrated by Empire's Commission approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the PGA tariff sheets, filed on October 28, 2008, be approved, interim subject to refund.

WHEREFORE, for the reasons stated in Staff's Memorandum, the Staff recommends that the Commission approve Empire's tariff sheets in file no. YG-2009-0298 interim subject to refund only on November 12, 2008.

Respectfully submitted,

/s/Robert S. Berlin

Robert S. Berlin
Senior Counsel
Missouri Bar No. 51709

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 4th day of November 2008.

/s/ Robert S. Berlin

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2008-0368 File No. YG-2009-0298
The Empire District Gas Company

FROM: Thomas M. Imhoff, Energy Department – Tariffs/Rate Design

<u>/s/ Thomas M. Imhoff 11/04/08</u> Utility Operations Division/Date	<u>/s/ Robert S. Berlin 11/04/08</u> General Counsel's Office/Date
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SUBJECT: Staff Recommendation for The Empire District Gas Company's Winter Season PGA Filing - Effective November 12, 2008

DATE: November 4, 2008

On October 28, 2008, The Empire District Gas Company (EDG or Empire), filed three (3) tariff sheets requesting an effective date of November 12, 2008. These tariff sheets were filed to reflect changes in EDG's PGA factors as a result of estimated changes in the cost of natural gas for the upcoming winter season and changes in the ACA factor. The winter season includes the months of November through March. EDG requests that the tariff sheets go into effect on November 12, 2008.

For the area served by Southern Star Central Gas Pipeline, including the cities of Clinton, Lexington, Marshall and Sedalia, the effects of these changes reduces the PGA rate filed by Empire on June 6, 2008 from \$1.09333 per hundred cubic feet (Ccf) to \$0.978581 per Ccf. The PGA rate for the 2007-2008 winter season was \$0.79333 Ccf. Based on average winter usage, a Residential customer's, bill is expected to be approximately \$106 higher than last year, or an approximate 16% increase.

For the area served by Panhandle Eastern Pipeline Company, including the cities of Chillicothe, Marceline and Trenton the effect of these changes reduces the PGA rate filed by Empire on June 6, 2008 from \$1.09930 per Ccf to \$0.932159 per Ccf. The PGA rate for the 2007-2008 winter season was \$0.79930 per Ccf. Based on average winter usage, a Residential customer's, bill is expected to be approximately \$83 higher than last year, or an approximate 12% increase.

For the area served by ANR, including the communities of Rockport, Maryville and Tarkio the effect of these changes reduces the PGA rate filed by Empire on June 6, 2008 from \$0.98407 per Ccf to \$0.86641 per Ccf. The PGA rate for the 2007-2008 winter season was \$0.68407 per Ccf. Based on average winter usage, a Residential customer's, bill is expected to be approximately \$122 higher than last year, or an approximate 18% increase.

Case No. GR-2008-0368, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2007-2008 ACA filing. Case No. GR-2008-0123 was established to track the Company's PGA factors to be reviewed in its 2006-2007 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2008-0123 and GR-2008-0368.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2009.

Staff has verified that this company has filed its annual report, however, and is not delinquent on any assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

Staff has reviewed this filing and has determined that it was calculated in conformance with Empire's PGA Clause. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty (30) days notice is demonstrated by Empire's Commission-approved PGA clause allowing for ten (10) business days notice for PGA change filings. Therefore, Staff recommends that the following tariff sheets be approved, interim subject to refund:

P.S.C. MO. No. 2

3 rd Revised SHEET No. 62	Canceling 2 nd Revised SHEET No. 62
3 rd Revised SHEET No. 63	Canceling 2 nd Revised SHEET No. 63
3 rd Revised SHEET No. 65	Canceling 2 nd Revised SHEET No. 65

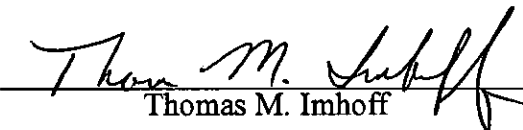
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of The Empire District Gas)	
Company's Purchased Gas Adjustment)	Case No. GR-2008-0368
(PGA) Tariff Filing.)	

AFFIDAVIT OF THOMAS M. IMHOFF

STATE OF MISSOURI)
) ss
COUNTY OF COLE)


Thomas M. Imhoff, of lawful age, on oath states: that he participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was provided to him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true to the best of his knowledge and belief.


Thomas M. Imhoff

Subscribed and sworn to before me this 4th day of November, 2008.



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086


Notary Public